



THE

Credit Union

OFFICIAL PUBLICATION OF THE CREDIT UNION NATIONAL ASSOCIATION, INC.

ON THE COVER

Taina Elg may look to you like just another credit union member with a beautiful Credit Union Day poster in her hand, and essentially that's what she is, but the officers of the MGM Studio Club Credit Union say she can act too, and you can't fool them.

The Credit Union

Bridge

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COMING SOON

Debtors' court

Alaskan credit unions

GARNISHMENTS

IN FOUR CITIES

Studies in Birmingham, Washington, San Francisco and Indianapolis show wide variations—but there's no doubt garnishments are being misused. One thousand a week are filed in Washington, D.C.!

"I DECLINE to accept in my court collection suits brought by small loan companies, jewelers, physicians and dentists," says a blunt Indiana justice of the peace, somewhat carried away, perhaps, by indignation.

"I believe," he says, "that there has been a definite abuse of the garnishment process by unprincipled creditors. These people are trying to use the courts as their standard instrument of collection, without previously exhausting all other means of settlement."

The speaker is Walter Bradford, justice of the peace in Wayne Township, Marion County, for nineteen years, and secretary-treasurer of Indi-

ana's Justice of the Peace Association.

His views are borne out by a Bridge survey of garnishment laws practices and problems. Specifically—

- Unscrupulous creditors are selling to low-grade risks and leaving it to the courts to take care of their collection problems.

- These abuses affect several hundred-thousand families annually.

- They also damage the business and reputation of thousands of legitimate retailers and professional men.

- Court costs and attorney's fees add millions each year to debtors' obligations.

- Many garnishment cases end abruptly with the debtor losing his

job, regardless of economic times.

During 1957, there were more than 85,000 garnishment cases in four cities surveyed: Birmingham, Washington, Indianapolis and San Francisco. The District of Columbia was the worst: there the Municipal Court issued an average of 1,000 garnishments each week. Indianapolis had the smallest total—only slightly more than 3,000 for a year. San Francisco had 20,000 and Birmingham had 10,000 in a year.

Many jurists and businessmen share Walter Bradford's ideas about the urgent need for reform. Other civic leaders, too, are concerned. They agree that garnishment abuses are

... a flamboyant advertiser is not necessarily a heavy garnisher ...



widespread and that unethical operations should be curbed. But few offer positive solutions.

Probably the most drastic approach to the problem is that of Milton S. Kronheim, Jr., judge of the Municipal Court for the District of Columbia. This experienced jurist suggests "that garnishments be abolished."

Referring to garnishments as "this misery-spreading process," Kronheim writes in a recent law journal article: "A lawsuit should not be available to collect on credit not given in accordance with ordinary business standards."

But how would we know when credit is granted according to "ordinary business standards"? Here is Kronheim's definition: "Every day millions of people are given credit on the time-honored basis of cash, character, or capacity. Where none of these are present credit is not given in *good faith*. It's that simple."

Who garnishees? Investigation by The Bridge reveals that misuse of the garnishment process is limited to a small group of creditors. But this group is responsible for a large percentage of all the garnishment cases filed, because it habitually uses the courts as its standard means of collec-

tion, mostly on small accounts.

Largest users of the garnishment process are jewelry, clothing and furniture stores; small loan, investment and finance companies; and, to an increasing degree, hospitals, physicians, and collection agencies which specialize in the collection of medical and dental bills.

Here are some statistics to illustrate the extent to which garnishments are used in various parts of the country:

- **San Francisco.** For the year 1957, average monthly garnishments in the San Francisco area exceeded 1,600. The month with the smallest number of garnishments was February. During its short span, 1,465 suits were completed. August saw the year's heaviest case load with 1,852 garnishment actions. Total garnishments filed during the entire year amounted to 20,181.

The garnishment picture in San Francisco differs somewhat from that prevailing in other parts of the country. This difference is in respect to the plaintiffs who are filing the suits. In San Francisco professional collection agencies are handling a large percentage of the cases, while in various other areas most of the garnishments are filed by the creditors' at-

torneys. Either way is effective.

Far in the forefront among the users of the garnishment process are two commercial collection bureaus. Stores Collection Bureau filed 942 cases during 1957. The second, Merchants Collection Service of San Francisco, used the courts 830 times. Five other collection agencies filed between 500 and 800 garnishments each. And a substantially larger number of commercial collectors used the garnishment method of collection between 200 and 500 times during the course of the year.

Two collection agencies which specialize in collecting medical bills made wide use of garnishments last year. One filed 661 garnishments. The other used the courts 236 times to enforce medical bills.

- **Indianapolis.** Marion County, in which metropolitan Indianapolis is located, has a total of eighteen courts. Each of these handles garnishment cases. But a large number of the Indianapolis courts are small justice of the peace courts. Some of these handled no garnishments at all during 1957.

Total garnishments reported during 1957 for the greater Indianapolis area were 3,031. This figure represents

... filed 287 garnishments in one year ...



a 7 percent increase over the previous year. The total figure for 1956 was 2,823.

Two municipal courts handled a majority of the area's garnishment cases. Both are situated in the Marion County Court House in downtown Indianapolis. But a justice of the peace court, located at the city's outskirts, nearly rivaled the two larger courts in the number of cases it processed.

This justice of the peace court serves Lawrence Township. It handled 5,248 cases during 1957, mostly collection cases. Says Ernest J. Crickmore, Township Justice of the Peace since 1955: "Some 90 percent of this court's cases last year were concerned with the collection of various forms of debt. Approximately two-thirds of these cases began as garnishments. But in more than 50 percent of the garnishment cases, the debtors made an arrangement with the creditors resulting in dismissal of the garnishment action." In other words this court has virtually been converted into a collection bureau.

In another Indianapolis justice of the peace court nearly a thousand cases of all kinds were filed during 1957. Some 10 percent of these cases were garnishments brought by a sin-

gle creditor, Leon Tailoring Company. This clothier also initiated a number of additional garnishment actions which were not completed. Each of these cases was settled out of court. Leon Tailoring Company appeared so frequently as plaintiff that the justice of the peace used a rubber stamp with the clothier's name to save time in completing the court's records.

More than sixty consumer credit establishments used the Indianapolis courts last year to garnishee employees' wages. Some fifty of these are small loan and finance companies. The number of garnishments per plaintiff varied from one to 94. Eleven commercial lending agencies filed more than 20 court actions each, accounting for a total of 473 garnishments.

Two of the plaintiffs in garnishment actions were credit unions. Both groups operate under federal charters. One filed one garnishment. The other group used the garnishment process 30 times during the year. Says Laurence B. Kilburn, managing director of the Indiana Credit Union League: "I was seriously concerned when I learned that two Indianapolis credit unions last year garnisheed several of their members. The actions of

these two credit unions are contrary to the policy of the credit union movement. The Indiana Credit Union League consistently counsels its member credit unions against the use of the garnishment process. I have consulted our records in regard to the credit union which filed thirty garnishments during 1957. This credit union is not affiliated with the organized credit union movement."

Seven Indianapolis creditors were responsible for more than one-sixth of the area's garnishments. Together they garnisheed 526 wage earners.

Here is a detailed breakdown of the plaintiffs' occupations: Two of the seven were clothiers (109 and 60 times). The others were an investment company (94 times); an industrial loan company (86 times); an automotive supply company (68 times); a finance company (59 times); and a household goods store (50 times).

• **Birmingham.** There were 10,201 garnishments executed in Birmingham during 1957.

The overall garnishment picture in the Birmingham area is quite similar to that of Indianapolis. Again a large number of individual creditors filed garnishments in several courts, and



... in one year, filed
210 garnishments ...



... this credit clothing chain used garnishments to collect poor accounts

... a big, affluent chain that garnishees heavily in Birmingham.



again a small group of creditors is responsible for a large percentage of these collection suits. But while only one Indianapolis plaintiff garnishees more than one hundred times, there were several creditors who filed substantially more garnishments in Birmingham.

Leading the creditors in the number of garnishments is Lipsitz Clothing and Furniture Company. During 1957 it collected 325 bills through garnishments. Other Birmingham clothiers who made frequent use of the garnishment process last year include Moskins Clothing Company (295 times), R. C. Brown Clothing Company (250 times), New York Clothing Company (203 times) and National Clothing Stores (155 times).

Birmingham's University Hospital and Hillman Clinic was plaintiff in nearly three hundred garnishment cases last year. Other hospitals also garnishees frequently. Reports the University Hospital's business manager: "Our collection policy is quite methodical. If a patient does not pay his bill promptly, we send him three reminders during the first month. Two further notices follow during the next two months. After three months we consider a bill uncollectible and turn it over to a collection agency."

Department store garnishment practices vary considerably in Birmingham. But they have one policy in common. Most use the garnishment process only in exceptional cases. The two largest department stores, whose many customers maintain thousands of active charge accounts, together garnishees less than a hundred times during 1957. And one of Birmingham's department stores filed no garnishments at all last year.

No Garnishments

Says this department store's credit manager, "We didn't garnishee any of our customers last year because we believe that we can collect just as effectively through ordinary channels. Perhaps another reason is that our quality of merchandise is somewhat more expensive than that of the other local department stores. And this may automatically result in the selection of customers who are more likely to pay their bills promptly. But don't get the impression that we have no collection

problems. It's just that we have decided not to worry about them. Some of our customers have been with us for ten, fifteen and twenty-five years. And a few of them always have been and always will be slow in meeting their bills."

Lorch's Jewelry Company, with several branch stores in various parts of Birmingham, filed a total of 287 garnishments. Busch's Jewelry Company and Epp's Jewelry Company garnisheed 281 and 210 customers, respectively. Other jewelry stores, clothing stores, finance companies, furniture companies, used car sales agencies and general merchandise stores filed substantially smaller numbers of garnishments.

Some Lose Their Jobs

How many wage earners have lost their jobs as a result of these garnishments? The answer to this question can only be estimated. But it is certain that the number must be substantial. Many employers look upon garnishment as a cause for immediate dismissal. In some instances, an employer will permit three garnishments prior to discharge. Others are less lenient and dismiss after the first garnishment. On the other hand, there is a substantial number of employers who will counsel with their employees rather than dismiss them.

Says a Birmingham business leader, "I know of a case in which a garnishment was filed to collect a ten-cent debt. Did the creditor need his money so badly that he had to jeopardize the debtor's job? Or was this debtor garnisheed so that the creditor's attorney could collect his \$7.50 fee?"

But if there is to be a solution to the nationwide garnishment problem, it will require action by all financial institutions. Judge Kronheim sees it this way: "My final suggestion is that of the Municipal Court of Appeals of the District of Columbia. In the McIver case they said, 'Distressing cases of overcharging and overselling are often encountered, but we know of no remedy under existing law except that of education of the buying public.'"

"If that is the only feasible solution—and I have been told forcibly that it is—then I hope credit grantors will forgive me if I tell them that it is their task to do it."

CLASSIFICATION OF GARNISHMENT LAWS

Reprinted from Spring, 1958 issue *Personal Finance Law Quarterly Report*
Prepared by Paul B. Fraser, Jr., senior law student in Fordham University Law School

I NO GARNISHMENT (Wages Fully Exempt).

- | | |
|------------------|---|
| (1) Connecticut | (claims enforced by body attachments). |
| (2) Florida | (exemption may be waived). |
| (3) Pennsylvania | (except on claims for room and board, and support). |
| (4) Texas | |

II WAGES FULLY EXEMPT FOR 30-90 DAYS NEXT PRECEDING LEVY IF NECESSARY FOR SUPPORT

- | | |
|-----------------|---|
| (1) Alaska | (30 days, \$200 maximum). |
| (2) California | (30 days, except against claims for necessities, services of debtor's former employee in which event only 50% shall be exempt). |
| (3) Montana | (45 days, except against claims for gasoline or necessities in which event only 50% shall be exempt). |
| (4) Nevada | (30 days, except against claims for necessities in which event only 50% shall be exempt). |
| (5) N. Carolina | (60 days). |
| (6) Oklahoma | (90 days). |
| (7) S. Carolina | (60 days). |

III WAGES FULLY EXEMPT FOR 30-90 DAYS NEXT PRECEDING LEVY (Not Required To Be Necessary For Support).

- | | |
|--------------|---|
| (1) Arkansas | (60 days, \$500 maximum for married, \$200 maximum for single persons). |
| (2) Maine | (30 days, \$30 maximum, \$10 minimum exemption). |

IV WAGES PARTIALLY EXEMPT (No 30-90 Day Limitation; Not Required To Be Necessary For Support).

- | | |
|--------------------|---|
| (1) Alabama | (75%). |
| (2) Georgia | (\$1.25 per day, 50% of excess thereof). |
| (3) Hawaii | (90% or first \$100 per month, 80% of excess thereof). |
| (4) Illinois | (\$40 per week for head of family; \$25 per week for persons not head of family). |
| (5) Indiana | (\$15 per week, 90% of excess). |
| (6) Iowa | (\$25 per week plus \$3.00 per week for each dependent under 18). |
| (7) Kentucky | (90%, \$67.50 maximum per month). |
| (8) Louisiana | (80%, minimum exemption of \$60 per month). |
| (9) Maryland | (\$100 of wages due except against claim for state income taxes). |
| (10) Massachusetts | (\$40 per week). |
| (11) Michigan | (60%, subject to maximum and minimum exemptions). |
| (12) Mississippi | (\$100 per month for head of family, \$50 per month for single person). |
| (13) Missouri | (90%, \$300 maximum for head of family). |
| (14) Nebraska | (90% absolute exemption; 100% exemption if debtor qualifies). |
| (15) New Hampshire | (\$20 per week, except against claim for necessities in which case only \$10 shall be exempt). |
| (16) New Jersey | (90%, court may lower exemption if income exceeds \$2,500 per annum). |
| (17) New York | (90%, subject to weekly income and population provisions). |
| (18) North Dakota | (\$27.50 per week for resident head of family). |
| (19) Rhode Island | (\$30 for debtor, 100% for debtor's wife and minor children; 100% for seamen). |
| (20) South Dakota | (\$1,500 for head of family; \$600 for single person). |
| (21) Tennessee | (\$60 plus \$5 per month for each dependent child under 16, for head of family; 100% if debtor makes less than \$60 per month). |
| (22) Vermont | (\$25 or 50%, whichever is greater). |
| (23) Virginia | (75%, \$100 minimum, \$150 maximum per month for head of family). |
| (24) Washington | (\$20 per week). |
| (25) West Virginia | (80% if debtor makes more than \$10 per week). |

V WAGES PARTIALLY EXEMPT IF NECESSARY FOR SUPPORT.

- | | |
|--------------|--------|
| (1) Colorado | (60%). |
|--------------|--------|

VI WAGES PARTIALLY EXEMPT FOR 30-90 DAYS NEXT PRECEDING LEVY IF NECESSARY FOR SUPPORT.

- | | |
|-------------|--|
| (1) Arizona | (50%, 30 days). |
| (2) Idaho | (75%, 30 days, \$100 maximum at any one time, except where claim is for necessities in which case only 50% is exempt). |
| (3) Kansas | (90%, 90 days). |
| (4) Oregon | (Up to \$175, 30 days). |
| (5) Utah | (50%, 30 days, \$50 minimum). |
| (6) Wyoming | (50%, 60 days). |

VII WAGES PARTIALLY EXEMPT FOR 30-90 DAYS NEXT PRECEDING LEVY (Not Required To Be Necessary For Support).

- | | |
|-----------------------|--|
| (1) Dist. of Columbia | (\$200 each month for 2 months preceding for those providing principal support; \$60 each month for 2 months preceding for those not providing principal support). |
| (2) Minnesota | (50%, 30 days, \$75 per week maximum). |
| (3) New Mexico | (80%, 30 days, \$100 maximum). |
| (4) Ohio | (80% of first \$200, 60% of excess, 30 days for head of family; up to \$30, 30 days, for single person). |
| (5) Wisconsin | (60%, 30 days for debtor having dependent(s), minimum and maximum exemptions; same basic exemption for single person with different minimums and maximums). |



This active medium-sized league has space and weather problems to fight, but its program is based on intensive study

For tourists, B. C. highways mean a panoply of beauty. For League fieldmen, they present hazards and long trails into a big province where credit unions are scattered but growing.

THE

WHEN the British Columbia Credit Union League holds its twentieth annual convention next June, it will be in the middle of a long self-appraisal, possibly the most penetrating inner-look any league has ever taken at itself.

League officers expect to learn that the programs which have developed the league into one of the top-third largest in the credit union movement no longer suffice the needs of a far-flung membership. Also the officers expect to find that the provincial Credit Unions Act, which has been frequently amended in its twenty years, now needs not more amending but a complete overhaul.

One thing almost certain to come from the credit union survey is a new place of prominence for chapters. They may become increasingly a legal and funded arm of the league and may become the contact medium from the league office, located in Vancouver in the southwest pocket of the province, for the three hundred-odd credit unions scattered over 356,000 square miles of predominantly mountainous country.

The physical demands of credit union service in British Columbia are staggering. In this gigantic westernmost province of Canada, League fieldmen have used boats, planes and cars, and almost used dog sleds, to reach the 160,000 credit union members. Their points of call are as far away as 1,200 miles from Vancouver. One of the things the survey will show is whether the league can justify stationing a fieldman outside of Van-

The Credit Union Bridge

BRITISH COLUMBIA PROGRAM

couver. Presently there are two fieldmen and a director of education working out of Vancouver and covering the entire province.

Actually the British Columbia League faces a problem of too much concentration of credit unions in the Vancouver-Victoria area and too little elsewhere. The Vancouver chapter, with 140 credit unions, contains about one-third of the total league membership. The Victoria chapter is next largest with 27 credit unions. A dramatic contrast is presented by the distant credit unions along the province's north line, an imaginary provincial equator stretching approximately across the mid-section from west to east.

Similar to Tennessee

In total members and financial size, the B. C. League is closely comparable to the Tennessee League. The difference in problems and potentials, however, is clear when you compare Tennessee's four million citizens comfortably packed into 41,000 square miles with British Columbia's 1.5 million population rattling around in 356,000 square miles.

As a part of the entire 61-league credit union movement, B. C. held these standings at the end of 1957:

17th in outstanding loans with \$56,923,463

19th in number of credit unions with 321.

20th in members with 163,577

20th in shares and deposits with \$57,657,581

20th in total assets with \$65,501,333

35th in reserves with \$1,353,251.

99.4 percent affiliation with only two credit unions not members.

The need for a credit union survey became obvious in 1956, after the League had failed to get certain legislation passed which it favored. A hasty summary showed that league member assets had grown an average of 20 percent annually for the preceding four years. In that same time the Act had been amended at several points, though not always to the League's satisfaction. A primary lack as the League saw it was permission for organizations such as lodges and fraternal societies to deposit money in credit unions so they could, in turn, lend this money to their members.

In discussing with the attorney general problems relative to amending the Act, the League attorney got the impression that the government felt that a complete overhaul of the Act was desirable and that they wished to know more about credit union operations before undertaking such a complete revision.

This hint from the government was all the League needed to get busy. By April 1957, the League board had approved a survey which would serve five purposes and provide other useful information:

1. Answer the attorney general's questions.

2. Provide a solid basis for revising the Act as found necessary.

3. Provide accurate information for public relations.

4. Establish the soundness of credit unions as a place of investment for wage earners.

5. Give the League a foundation for new programs.

Dovetailing nicely into this scheme was an offer of assistance from Dr. B. J. Kristjanson, economist with the Dominion Department of Agriculture. A League committee with his help prepared survey forms, which later were revised during consultations with the attorney general.

Committee Project

To complete the survey on a local credit union level, the League recommended that each credit union appoint a special survey committee composed of two board members, two credit committee members and two supervisory committee members, plus the treasurer. The survey consisted of three separate parts:

1. A work sheet on which the credit union was asked to record all loans granted from July 15 to September 30, 1957, with special reference to size of loans, security taken and terms of repayment.

2. A work sheet for listing all delinquent loans, showing original amount of loan, history of the security and reason for delinquency.

3. A ten-page questionnaire containing ninety-four questions covering the credit union's entire operations.

Before the survey was mailed out, a group of treasurers and officers gave it a trial run and pronounced it not only workable but comprehensive.

Once it reached the field, the survey proved difficult for some credit unions to complete, so that League fieldmen were frequently called on to assist in filling out forms. Last June survey returns stood at 66 percent for the 2½-month loan experience questions, 54 percent for delinquent loans and 63 percent for the general questionnaire. To stimulate returns, the League convention passed a resolution encouraging all credit unions to file returns as soon as possible. Already, however, compilation had been started, using IBM punch cards. Directing this first compilation were Dr. Leslie Wong of the University of British Columbia and an industrial statistician, Dave Harper. The survey suffered a setback in February, when the league fieldman assigned to the survey committee, Alex Nicol, died unexpectedly. Other league staff picked up Nicol's duties right at the height of credit union annual meeting obligations.

By August some tentative reports had been published, but they were being carefully sheltered until all questionnaires were returned. The League staff has marked the end of this year as a deadline to get all survey reports into the hands of the League board. League managing di-

rector R. A. Monrufet says he expects the next two League conventions will discuss the survey before making it the basis of final recommendations. To finance the survey, the 1957 convention allotted \$5,000 and the 1958 convention allotted an additional \$2,500.

The survey was not the only major achievement of the 1957 convention. This was also the session which followed up official action taken in 1956 on a long-considered provincial reserve fund similar to the stabilization fund or share guarantee plans in other leagues. Delegates in 1957 approved a draft for the fund, then turned it over to the league attorney for some i-dotting and t-crossing.

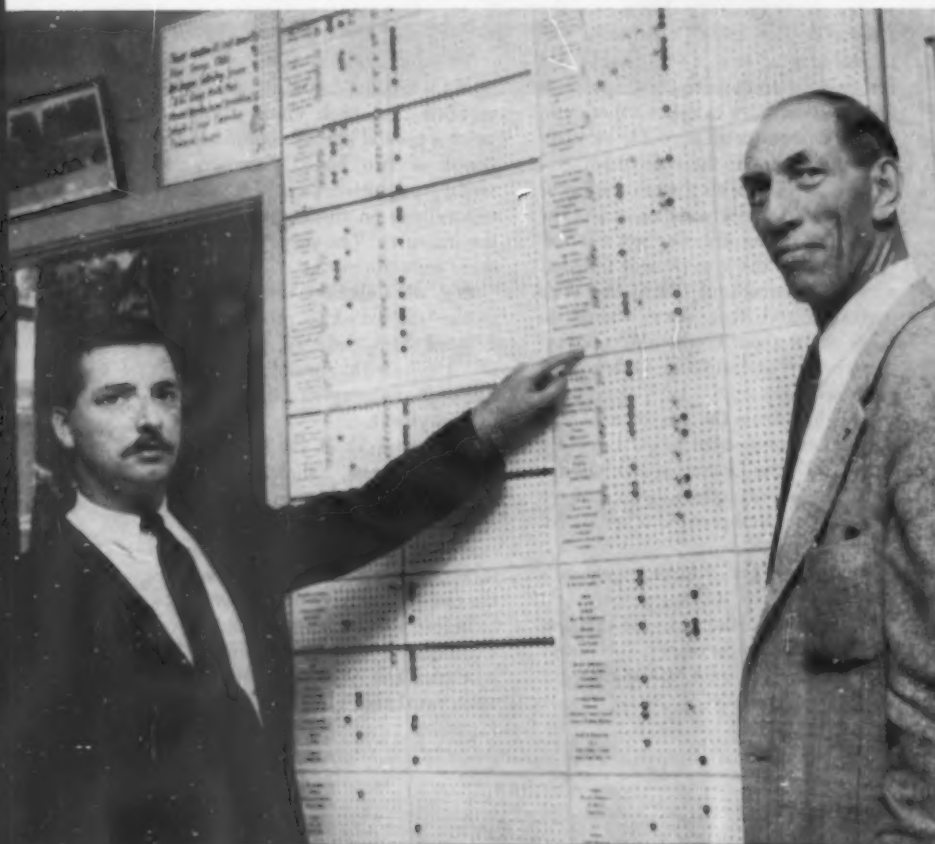
Sense of Urgency

A sense of urgency developed around this program when the effects of a general economic recession began to hit the province. Specifically, a credit union serving employees of a copper mine at Britannia Beach, forty miles north of Vancouver, was placed in jeopardy when the company announced that it could no longer economically produce copper. Government subsidy failed to keep the mine going, and in April 1958 it closed.

There were about 800 employees in the group served by Britannia Credit Union. At December 31, 1957, its assets were \$112,000. Personal loans totaled \$87,000. Loan demand was so great that the credit union also had a \$9,000 loan from B. C. Central Credit Union. When the plant closed, credit union members began calling for their shares.

Since Central membership is limited to corporate bodies, it was not possible for Britannia members to join; without a reserve fund, it was impossible for the League to be of direct assistance. The League finally decided to establish a trust fund to assist Britannia, and appeals for contributions went to all credit unions. This brought in \$7000 in two weeks, and credit unions on their own purchased \$10,000 worth of Britannia shares. With this \$17,000 plus money being repaid on outstanding loans, the credit union was able to pay two instalments of twenty-five cents each to shareholders. Managing Director Monrufet says that, when the reserve fund is in operation, it is hoped that the \$17,000 will be taken over by the fund and recovered as Britannia's assets are liquidated.

In the months between the 1957 convention and the Britannia mines



closing, the reserve fund idea moved slowly through League and legislative channels. The attorney general was impressed, but he asked for certain adjustments. The Inspector of Credit Unions withheld his support because he considered the fund unnecessary. Some aspects of the fund also come under direct opposition from a few credit unions, who took their case directly to the attorney general.

As a result of all this resistance, a clause was written into the act, which passed on March 19, stating that the fund could not take effect until 85 percent of the credit unions, representing 85 percent of the total shares and deposits, had petitioned for its enactment.

This gave the League a new job to do. A mail campaign seemed most feasible, so the League prepared a petition and mailed it to all credit unions with a copy of the newly-passed bill and a covering letter. Mail responses were slow, however, since some credit unions objected that their contributions to the fund could not be counted as a part of their individual cash reserves. Not until the 1958 league convention adopted a resolution to work for this provision did the required number of credit unions sign their petitions. They

have now done so, and the reserve fund has begun its official life.

From the early days of the fund, the League had certain reasons for moving the way it did. For one, it recommended that the fund include all credit unions, not merely League members, on the principle that the fund would protect the entire credit union movement. Secondly, there was a knotty problem involving the fund and B. C. Central Credit Union, which is not open to officers but only to credit unions and other specified corporate bodies including cooperative groups. The League felt that the central should not be required to contribute to the fund but that it should be represented on the board of the fund. Finally, the League felt that the fund, instead of being regarded as a credit union expense, should be considered an asset and that the fund should be built up from assets rather than from earnings.

The fund will be administered by a five-man board named by the government, at least three of whom shall be representatives of credit unions. The board may immediately assess all credit unions one-fifth of 1 percent of their share-deposit total, increasing the fund total by that same amount yearly until, after five years, the fund

With a wallchart, fieldmen Quail and Humphrey stay constantly informed of grass roots needs.

Families make heavy use of Vancouver City Savings and Credit Union, open to the city's population.

An interested visitor at one credit union meeting was the provincial attorney general.

Education Director Jac. Schroeder designed his own charts to supplement Operation Impact.

Managing Director R. A. Monruffet was one of the early leaders of the B.C. movement in 1940.



may reach a maximum of 1 percent of total share-deposits of all British Columbia credit unions. Each credit union's equity in the fund will be shown annually as an asset of that credit union.

While working on the survey and the reserve fund, the league has not neglected one other important activity, the organization of new credit unions. With the help of CUNA's organization department, the B. C. League recently developed a streamlined organization program. This has three main goals:

1. To increase League and chapter membership through new credit unions.

2. To increase services and membership of existing credit unions.

3. To develop leaders and volunteer workers at League, chapter and local levels.

There are also two yardsticks by which the organization program will be measured:

1. Expand credit union service until at least one-half of the province population is eligible for credit union membership.

2. Organize new credit unions at least at the rate of the average organization for the past five years.

The League staff and CUNA's organization specialist drew on official statistics to develop their goals. The province has an average net disposable income per family of \$4,255. Average savings per capita were estimated at \$104, compared to estimated savings of \$106 per credit union member. Average personal indebtedness per family in the province was estimated at \$640, compared to average family credit union loan of \$266. The organization program broke down the entire provincial population into individual villages, communities and cities, showing number of credit union members and number of types of credit unions. Thus the program developed not only province-wide goals but also local goals.

Calls to organize credit unions make tremendous physical demands on the B. C. staff because of the distances to be covered. Therefore, first contacts usually are handled by mail. Once it appears that a credit union is about to be set up, a fieldman will go in person to the organization meeting. In the meantime, he usually will write to any other potential credit

(Continued on page 26)



From the managing director

CREDIT UNION DAY—OCTOBER 16

EVERY year more and more people are observing Credit Union Day! More and more people are belonging to their own credit unions every year! And in more and more places on the face of the earth!

Raiffeisen in Germany saw the need of thrift and the need of credit for common people in Germany some 100 years ago. The Raiffeisen and Schulze-Delitzsch Societies of Germany brought thrift incentives and credit possibilities into the reach of many more people than had ever had them before.

Then Desjardins in Canada some sixty years ago began to see the need for thrift incentive and credit availability for the common people on this continent. He further refined the Raiffeisen plan, and the Caisses Populaires of French-speaking Canada were the result.

Pioneers of the credit union movement in the United States began hearing about these Caisses Populaires and thinking of the possibility of applying that "self help in finance" technique here in the United States about fifty years ago. As a result, credit unions were actually brought into being in the New England area in 1909.

Not for Profit—Not for Charity—But for Service

The pioneers of the credit union movement knew that the common people were honest and, furthermore, knew that the common people were intelligent and could operate their own cooperative savings and loan organizations. The credit unions were set up to be of help to the people, and were set up to do

business only with the people who owned them with earnings plowed back into the ownership—so they were "not for profit."

The pioneers knew that the common people who would be attracted to the credit union movement would be hard working and industrious people. These potential credit union members needed only to find an organization that could be made to serve their needs, an organization in which they could pay their own way if given a reasonable opportunity to do so. Thus credit unions were "Not for Charity".

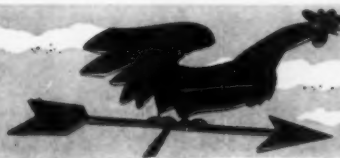
The pioneers of the credit union movement knew that "Do-it-yourself" organizations in finance, if controlled democratically, could and would serve the financial needs of the common people. Thus credit unions were organized "But for Service".

Credit Union Day Is a Day of Thanksgiving

For years now the credit union movement has set aside the third Thursday in October as a special "Thanksgiving Day for the credit union movement". Dozens of credit union Leagues, hundreds of Credit Union Chapters, thousands of credit unions, and millions of credit union members now pause from their daily work on that third Thursday of the year to express their gratitude for the founding fathers of the credit union movement, and to pledge anew that they will make the credit union ideal available to all those on the earth who need it.

H. Vance Austin

in the NEWS



Expect credit unions to **boom in the Navy**. Effective August 8, the Navy issued official encouragement for credit unions on Navy installations "open to all military and civilian personnel." For more information, Navy men are instructed to contact leagues or CUNA.

Congress' **adjournment** killed several bills related to credit unions. Neither the general Financial Institutions Act nor several other bills relating to credit unions came before the legislators.

Budget counselling should become more and more a credit union service. This view has been expressed by Dean Anderson, CUNA director from Oregon and member of the planning committee. CUNA's Education Department is working on a long-range program to help leagues promote family financial counselling.

Nearly 18,000 credit unions protect their assets through CUNA's **bonding program**. Of these, 85 percent carry the 100 percent blanket bond, and fifty-two of these are covered up to \$2,000,000.

Personal visits with **Congressmen** are in store for credit union people. During CUNA's quarterly meetings in Washington in February, special breakfasts will be held. In addition, a dinner on February 11 will honor Congressmen who voted for the Federal Credit Union Act in 1934. This is part of the 25th anniversary of this legislation.

Edward A. Filene, millionaire benefactor of the credit union movement, will be honored with erection of a bronze plaque next spring in Boston. The ceremony will be part of celebrations of CUNA's 25th anniversary and the 50th anniversary of the first credit union law in the U. S.

Leagues should offer **collection services**. This recommendation came from CUNA's planning committee, addressed to the executive committee.

Collection services should be in harmony with credit union principles and should be backed up by educational programs on credit granting and collections, the executive committee was told.

High honors from the Vatican have gone to two Colorado credit unionists. Richard T. Lagerman and Clarence C. Bellinger, officers of Mt. Carmel Parish Credit Union in Pueblo, were named Knights of St. Gregory, a major award for Catholic lay service.

CUNA now has **sixty-five member** leagues. Newest additions are leagues of credit unions in the Fiji Islands and New South Wales. They are the first admitted under CUNA's expanded field of membership which no longer is restricted to the Western hemisphere.

Direct contact with **top government officers** will be sought by the New York State Credit Union League. It will seek legislation at the next session to create a permanent advisory committee on credit union matters for the governor and state superintendent of banks.

Two **national magazines** gave credit unions favorable mention in their September issues. *Cosmopolitan* cited the growth of credit union saving-cum-borrowing. *Changing Times*, the Kiplinger magazine, mentioned credit unions as a source for borrowing in an article on buying automobiles.

A **fundamental book** on credit unions, in German, is now available. It is the seventh edition of Friedrich Wilhelm Raiffeisen's book published just before his death. Distributor is Stechert-Hafner, Inc., 31 East 10th Street, New York 3, N.Y.

Credit union **films** are going into general circulation. A film distributor which reaches 17,800 theaters and 529 TV stations will soon have all three CUNA-produced films—*King's X*, *Til Debt*

Do Us Part and A Penny Saved. CUNA pays for all showings, with promotion handled through leagues.

Courts have forced one **imitator** from trying to capitalize on CUNA Supply Cooperative's name. W. R. Chapel, who used CUNION, CUNION National Supply and CUNAPOST in advertising, is permanently enjoined against this use.

Employees may **borrow or deposit** money with a California bank without leaving their work. Bank of America in San Francisco has announced that more than 1000 firms have been contacted. Employees may arrange checking or savings accounts or may apply for loans. The bank claimed "overwhelming acceptance."

Up, up, up. That's the substance of an **advance report** by the Bureau of Federal Credit Unions for statistics at the end of 1957. The 8735 credit unions under Federal charter had \$1.2 billion loans outstanding, up 19.8 percent over a year earlier; shares at \$1.5 billion were up 16.3 percent and membership at 4,897,689 was up 8.8 percent.

A **veteran** Illinois credit union man has risen in state ranks. Robert T. Jones became head of the credit union division of the new Department of Financial Institutions. His background includes 17 years of credit union examining.

Credit union insurance is now **bi-lingual**. First CUNA Mutual policies in French were presented to policyowners recently at the Quebec league annual meeting.

Liquidation with a dividend. That's the record in North Dakota, where the Armour's Employees Credit Union in Grand Forks liquidated after the plant closed. Members received a 2 percent liquidating dividend when the League stabiliza-

tion fund took over the credit union's assets. Payment on outstanding loans will replenish the fund.

Credit unions are no places for **proxy voting**. So ruled Louisiana legislators in beating down a bill which would have allowed proxy voting and additional votes for each twenty-five shares.

CUNA films will receive **international** listing. The U. S. Information Agency has asked for names and description of CUNA films to be included in a new film catalog going overseas.

Central credit union organization continues. Latest leagues reporting them are Arkansas with ACUL Credit Union and Wyoming with Wyo Central Federal Credit Union.

Indiana rural credit unions reach a high percent of their **potential**. A new study by Arthur Pursell of the U. S. Department of Agriculture shows 35 percent membership among eligibles. Total membership in forty-two credit unions is 21,788 with shares of \$8,700,000 and assets of \$9,400,000.

New league **employees** include Ernie Henschel and Frank Empey in Saskatchewan and Knight Webster and Max Adams in Michigan.

Leagues will join CUNA in important **celebrations** next year. Marking their 25th anniversaries in 1959 will be leagues in Alabama, Arizona, Arkansas, Colorado, Kansas, Kentucky, District of Columbia, Louisiana, Massachusetts, Michigan, New Jersey, Nova Scotia, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Texas, Utah, Virginia and Washington.

Thrift lends itself to contests. The National Thrift Committee has invited credit unions to be local sponsors of thrift essay contests between October 1 and December 31. Details are available from 121 W. Wacker Drive, Chicago 1, Ill.

CAR CARDS, RADIO, POSTERS...

WHERE is the greatest opportunity for growth? Last year the District of Columbia Credit Union League gave this question a hard look, and decided the big opportunity was inside credit unions already organized.

This meant, the League reasoned, that something special ought to be done to push membership-growth.

The result was an advertising campaign called Membership Unlimited, which has set a pattern for subsequent years. This year again the D.C. League is staging a similar program, and plans are being worked out for a repeat in 1959. Credit Union Day serves as the climax of the campaign.

To appreciate the decision that the League made, you have to know a little about the background.

The District of Columbia has a movement that is unique in several ways. First, territory: Washington, D.C., covers an area of 69 square miles, most of which the League staff can cover by bus or street car. Second, common bond: about half the credit union members in the District are government employees. Third, available talent: within the ranks of the D.C. credit unions are all kinds of trained people, including accountants and artists, on whom the League and its four chapters can draw for help.

There is credit union service available to nearly every government employee in the District. Credit unions serve employees of the White House, Congress, the Federal Reserve System, the Supreme Court, the Navy, the Army, the Air Force, and such de-

partments as State, Treasury, Justice, Labor, Agriculture, Commerce, Interior, Post Office and Health, Education and Welfare. Some of these credit unions serve employees around the world. A few are located outside the District, in neighboring sections of Virginia and Maryland.

The District has no heavy industry, but there are many employers besides the federal government — insurance companies, utilities, the telephone company, department stores and chain stores, publishing houses, transit and taxi companies, railroads and airlines, hospitals and the District government. The local school teachers and police are District rather than federal employees.

About 30 percent of the working population of the District are federal employees. The other 70 percent work for somebody else. Federal employees have been easiest to charter, as the fifty-fifty ration of credit union membership shows. On the other hand, they have not always been easiest to sign up as active members, since federal employees are considered prime risks and are subjected to heavy sales pressure from commercial lenders and credit retailers. A substantial percentage of federal employees are in low-income groups employed in various kinds of maintenance work, and many of these employees have been victimized by installment houses.

Competition for this business is keen. Banks in the District charge rates that are lower than the national average, but select the better risks. There is no small loan law in the Dis-

were among the advertising media used when the District of Columbia put on its advertising program last year. Now the credit unions in the capital are making Credit Union Day the climax of an annual membership drive.





James W. Grant, assistant treasurer and manager, Department of Justice employees

trict, but licensed small loan companies place their offices in clusters just outside the District line in Maryland and Virginia. Installment selling has been feverish in recent years: since 1950 two major appliance chains have gone into bankruptcy as a result of overextension. A number of clothing and furniture stores have established a reputation for reckless high pressure. Garnishments, as reported elsewhere in this issue, are being filed at a rate of 1,000 a week despite the fact that federal paychecks cannot be attached.

When the D.C. League board looked at the record, they found that their membership was lagging. Out of 250,000 government employees, about 100,000 were members. At the end of 1956, by the best figures the League could put together, actual members were only 45.3 of the potential. This was slightly better than the year before, when the percentage was 43.7. But still, it looked challenging.

Meanwhile, what were the organizing opportunities? The groups with big potentials were all chartered. "We have a good potential for organization in the labor union and trade association fields," commented managing director Tom Landers at a board meeting. "Local stores and community type credit unions will take more contact work. I estimate a potential of 300 credit unions still left in the District." Obviously, the groups left to be organized are groups that will grow slowly.

Hence the League decided that if faster growth was desirable, the probabilities favored a membership drive rather than a drive for new charters. The League has been organizing 8 or



John A. Wylie, treasurer, Pentagon employees.

Miss Arista Huber, president, Congressional employees

10 credit unions a year; doubling this rate might add two or three thousand new members. On the other hand, the total credit union membership had increased 7,000 in 1956 or about 3 percent; raise this by advertising to 6 percent and you get double the increase.

Could it be done? The D.C. League spent \$3,000 for advertising during September and October. At the end of the year membership had increased 7 percent, from 178,646 to 192,550. In numbers, the increase was 13,904. It looked awfully good.

Granted, statistical comparisons like this are tricky. What other factors might have helped increase membership faster in 1957 than in 1956? Actually, national figures showed an increase in membership of 15 percent in 1956 and 9 percent in 1957. Hence, not only did the District show an increase for 1957 over 1956 but it did so when the national trend was going the other way.

**MEMBERSHIP TOTALS
AND INCREASES, 1955-1957**

	1955 total	1956 total	1957 total	1956 % increase	1957 % increase
National	9,930,627	11,428,958	12,421,840	15	9
Dist. of Col.	173,923	178,646	192,550	3	7

(National totals include the United States and its territories, Canada and a few other small areas.)

The Membership Unlimited campaign was set up by the League promotion and publicity committee, with William Ramsey as chairman. With a budget of \$3,000 available, the committee planned a diversified program that included car cards and radio spot announcements. Newspaper publicity and posters were also used, and credit unions were encouraged to intensify

Miss Norma Zandrino, president, White House employees





William Lewis, treasurer, Senate employees

their own internal advertising.

Car cards are a strong advertising medium in the District, where the majority of employees go to work in busses or street cars. The League placed car cards for four months in 200 busses and cars traveling through average or low income neighborhoods. The total cost of this program was \$900.

Radio spot advertising is more expensive. The League concentrated its spot program into the period from September 22 to October 19. Three stations were used in morning and evening hours, and 170 spot announcements altogether were scheduled.

Credit Union Day posters were also put up in 500 locations—drug stores, food stores and air line terminals. Book matches were placed in vending machines in regular commercial locations; altogether, 100 cases were distributed, which means 250,000 books. The movie, King's X, was shown on television, bumper stickers were fastened to automobiles, public service radio programs and newspaper stories were developed.

All the way through, there was an effort to tell two stories—how credit unions help employers and how they help employees. Ads were placed in employer publications like the Board of Trade News and the Jaycees' News Action. The labor press got a different ad. A certificate of merit was awarded to each of three credit unions that signed up 30 percent of their potential during the drive—Gilpin Employees, Army Times and Capital Airlines.

The Credit Union Day celebration itself was a gala affair, and it got some nice publicity breaks.

Looking back, the League board has come to the conclusion that this is the kind of program the District of



William Campbell, president, Post Office Department employees

William E. Fee, Jr., director, State Department employees

On these pages—14, 15, 16 and 17—The Bridge presents for the first time a panorama of some key officers in credit unions serving employees of top-level Federal offices.

Government employees have always been relatively easy to organize into credit unions. Some of the early chartering dates back to the Harding administration, when Henry Dennison, noted New England manufacturer, supervised for a time the personnel problems of the Post Office Department. Dennison encouraged the organization of credit unions among postal employees. The first credit unions in the District of Columbia were established by special charters passed by Congress, before the Federal Credit Union Act was passed in 1934. These early credit unions were supervised by the Controller of the Currency, and they have only recently been transferred to the care of the Bureau of Federal Credit Unions.

Columbia needs. Operation Impact materials are being added to the campaign as they become available, and adjustments are being made in the media used. Car cards, everybody agrees, were especially effective, and they are being continued. There is some disagreement about the value of radio spots, but in any case there is less money available in 1958 so radio is being eliminated for the time being. Next year's budget apparently will rise above the 1957 level, however, and radio may be restored and television added.

This might not be the right program for a League with plenty of big credit unions still waiting to be organized, the District people point out. But it looks good for the compact little District of Columbia, where the big groups have been chartered and all the potential members read the same newspapers, listen to the same radio stations, watch the same TV channels and ride the same transit system.

Frank P. Rossomondo, Sr., treasurer, Navy Department employees



One year

A TORNADO struck Fargo, North Dakota, on the evening of June 20, 1957. It lasted only a few moments. But during these short seconds ten persons lost their lives, more than a hundred were injured and some two thousand lost their homes.

Today there is little evidence of last year's disaster. The damaged homes have been replaced or repaired. Only the long rows of leveled tree trunks bear witness to the storm's erratic path.

Fargo's credit unions played an important role in helping disaster victims back on their feet. Several waived all interest on disaster loans to their members. All gave quick approval to emergency loan requests.

More than fifty credit union families were among the tornado victims. Some lost their homes completely. Others saw their homes severely damaged.

"Our members suffered three complete and twelve partial losses," reports Harold Rebsom, treasurer of N.P. Railway Fargo Employees Federal Credit Union. "Fortunately the insurance companies made pretty liberal adjustments in settling the claims of our tornado victims. But most of the victims needed additional credit union help."

Don Little is one of the N.P. members whose home was completely destroyed. All that was left after the



after the **TORNADO**

credit union members of
Fargo, North Dakota, have their
homes rebuilt and their
budgets straightened out.

storm was a part of the Littles' kitchen wall. This home was located in Fargo's Golden Ridge district, which included 103 homes, a school and a church. Eighty-one homes, the church and the school were completely lost in this four-square-block area. All were small homes used by low-income families. None had city water or sewage facilities.

The Littles carried insurance on their home and their household goods were also covered, but their insurance reimbursed them for only half of their loss.

Today the Littles live in a completely new three-bedroom home with full basement, breezeway and garage. They built it on the exact spot where the tornado had leveled their former home. They bought their furniture with a credit union loan.

Says Don Little: "I was lucky enough to get an interest-free disaster loan from N.P. Railway Fargo Employees Federal Credit Union for our household goods. My loan runs for thirty-six months. Through regular payments I have now reduced it to nearly 60 percent of its original amount." Adds treasurer Rebsom, "Don's note will remain interest-free until repaid, even if he should have to renew it."

Little was at home when the tornado approached. He saw it coming, rushed his seven-months-pregnant

wife and two children into the family car. Then he waited for the arrival of the storm until he could clearly see its path and decide which way to drive. His patience paid. The Littles were able to escape the storm completely by driving south and away from the black twister which came out of the west.

N.P. made eight interest-free loans to tornado victims. Five members turned down a similar offer and insisted on paying N.P.'s usual rate of 1 percent per month on the unpaid balance.

Comments Harold Rebsom, "The overall effect of the tornado was to speed our growth. More people came to our credit union for loans. Others brought in additional money to provide new loan funds. But, above all, we learned from our tornado experience that the more we help the members, the more will they help the credit union."

At North Dakota Air National Guard Credit Union, two members lost their homes completely and five sustained partial losses. Of the two with complete losses, one was fully insured. The other member was only partly covered. He refinanced his credit union loan to replace household goods lost during the tornado.

Says Mrs. Lois Kundert, N.D. Air National Guard Credit Union treasurer since 1951, "We doubled our

assets last year. This year we have grown every month. However, this growth is not entirely related to the tornado. Some of our boys who obtained damage money put it into the credit union. But most of our recent growth is due to our members' increase in pay. An important additional factor is that the tornado crisis taught our members what savings mean in an emergency."

George Hill, 36-year-old operations specialist at North Dakota Air National Guard, is one of the N.D. members whose home was completely destroyed. Three-fourths of his loss was covered by insurance. He paid for the balance with a 3 percent Small Business Administration loan and renewed his credit union note to replace his furniture.

Hill escaped the tornado by leaving his home and driving south with his pregnant wife and four children. The Hills' old home was a 36 by 30 four-room frame structure, with a sunroom downstairs and a large bedroom upstairs. The couple now live with their five children in a new 36 by 28 frame building with a full basement, four rooms downstairs and two bedrooms upstairs.

Summing up his tornado experience, guardsman Hill says: "I learned that neighbors and fellow-workers are much more helpful than I had ever believed or realized."



From rubble and debris, shocked credit union members restored their homes. Upper left, new home of Lt. Col. Homer G. Goebel of North Dakota Air National Guard. Next, view of Fargo's Golden Ridge district with 81 out of 103 homes completely destroyed. Next, the George Hill family found a temporary home while a credit union loan paid for furniture for a new home. Lower left shows another view of Golden Ridge district, the same area in which the Don Little family (far right) re-established their home.

THE ARGUMENT AGAINST CONSUMER CREDIT CONTROLS

A FEW days before adjournment, a bill to provide standby controls over consumer credit was introduced in the Senate by Senator Prescott Bush (R., Conn.).

The bill came too late for any action. It died with the 85th Congress. To be considered next year, it will have to be reintroduced. Chances are good that it will be, but barring a drastic change in Congressional sentiment, chances are that it will not pass.

However, this is a bill that the credit union movement will keep a sharp eye on.

Despite its superficial resemblance to the legislation on which Regulation W was based, S 4289 is not the same thing. Its purpose is different, and its language is more sweeping. Its purpose is to stabilize prices, and its language would permit controls over bank loans to finance companies and inventory loans to retailers. Regulation W never went so far afield.

"It is the purpose of this Act," says the bill's introduction, "to provide authority for the control of consumer credit, in order to prevent such excessive use of consumer credit as may threaten the stability of the general level of prices." And again: "One of the principal factors leading to increases in the general level of prices . . . is the excessive use of consumer credit."

There have been reports for some time that the Administration wanted to establish controls over consumer credit. Leader of the Administration

group in this campaign is said to be Secretary of the Treasury Robert Anderson. On the strength of these reports, the executive committee of the Credit Union National Association voted at its August meeting a resolution opposing controls over consumer credit as unnecessary, ineffective, expensive and unfair.

The idea that there is a relationship between consumer credit and inflation seems to attract some people like smorgasbord. But, soberly considered, the evidence is weak. Read through the literature on this subject and about all you find is the unsupported statement: "Anything that raises purchasing power at a time of full employment is inflationary." While this appeals to our common sense, it is impossible to back it up with figures.

Congress will have to face the fact that there is no more evidence that consumer credit is inflationary than that cooking in aluminum pans produces cancer.

Take a look at the Consumer Price Index for a minute. Consumer credit expanded greatly in 1955. What happened to the components of the index? The cost of transportation, which includes auto prices, dropped from 128.0 in 1954 to 126.4 in 1955. The cost of home furnishings, which includes appliances, dropped from 106.1 in 1954 to 104.1 in 1955. Meanwhile, rent was rising, the cost of medical care was rising, the cost of household operation was rising (including heating costs) and the cost of

personal care (including barber and beauty shop rates) was rising.

Over the period from 1954 to 1958 (May), the Consumer Price Index as a whole has risen an average of 8.5 percent, or 9 percentage points. The dollar has lost 8.5 percent of its 1954 value. However, some costs measured by the index have risen more than average and others have risen less. Among those that have risen more than average are household operation, personal care and medical care. Among those that have risen less than average are home furnishings, apparel and rent. Transportation, which includes auto prices, is just under the average increase, with a rise of 8.4 percent.

Now consumer installment credit consists of three main groups: loans for autos, loans for furniture and appliances, and personal loans for such things as medical bills and the consolidation of debts. About half the installment credit total is auto loans, and appliance loans and personal loans are about a quarter each. (There is also a smaller volume of home modernization loans, relatively unimportant in effect.)

If consumer credit is inflationary, you would expect to see the effect immediately on auto prices and appliance prices. But the contrary seems to be true. A recent issue of the Federal Reserve Bulletin made these comments:

"During the past ten years, prices of services have risen much more than retail prices of commodities, reversing the pattern of World War II and the immediate postwar years . . . New autos, fuels and apparel have pronounced seasonal price variations, with rises in the autumn and declines at other times of year. For example, discounts usually are not granted on new models at the time of their introduction in the autumn, and effective prices to consumers advance whether or not list prices are raised. In addition to the elimination of discounts when new auto models were introduced last autumn, list prices were raised about 3 percent. Subsequently, reduced consumer demand for new cars and large dealer stocks resulted

How the cost of goods and services has increased since 1954
(based on the BLS Consumer Price Index)

	1954	1955	1956	1957	1958 (May)	% Increase
All items	114.8	114.5	116.2	120.2	123.6	8.5
Food	112.6	110.9	111.7	115.4	121.6	8.0
Housing	119.1	120.0	121.7	125.6	127.8	7.3
Rent	128.5	130.3	132.7	135.2	137.5	7.0
Furnishings	106.1	104.1	103.0	104.6	104.0	-1.9
Operation	117.4	119.1	122.9	127.5	130.9	11.5
Apparel	104.3	103.7	105.5	106.9	106.7	2.3
Transportation	128.0	126.4	128.7	136.0	138.7	8.4
Medical care	125.2	128.0	132.6	138.0	143.7	11.5
Personal care	113.4	115.3	120.0	124.4	128.5	13.3
Recreation	107.1	106.6	108.1	112.2	116.6	8.8
Other	120.1	120.2	122.0	125.5	127.2	5.9

(Autos are included in transportation, appliances in furnishings, television sets in recreation.)

in large discounts from list prices, and in February and March prices to consumers were close to year-earlier levels . . . Retail prices of appliances on the average have continued to change little since autumn. In recent years, gains in efficiency of production and distribution have apparently been reflected in lower prices to consumers as well as in improvements in the products. Manufacturers' prices of appliances have declined moderately, and distributors' margins have fallen . . ."

Briefly, auto prices are almost impossible to measure, due to changing market conditions. It is clear that list prices on specific models have been rising; it is also clear that numerous consumers have shifted from the medium price to the lower price group, that bargaining over trade-in allowances tends to conceal real prices, and that new low-priced cars are gaining in their share of the market. Appliance prices have been on a down-trend for some years. Both the automotive and the appliance industry have been operating under depression conditions since 1956. Any price increases to be found in those industries are definitely not a result of clamorous demand.

Where can the alleged inflationary power of consumer credit be found? This is a question for Congress.

One other question that has not been adequately discussed is the problem of enforcement. It is not much of a secret that the enforcement of Regulation W was effective only during war. As soon as World War II ended, the willingness of lenders and borrowers to abide by the regulation dropped off sharply. There are so many ways in which such a regulation can be evaded that the prospect of having to enforce a peace-time regulation has many of the officials in the twelve Federal Reserve Banks skeptical and pessimistic. Congress should ask itself humbly whether consumer credit regulation would not raise enforcement problems as difficult as Prohibition.

This is a confusing and technical subject. Everybody is against inflation, and as long as there are those who believe that consumer credit produces inflation, there will be pressure for controls. The credit union movement in its own interest should ask—what evidence is there that consumer credit is inflationary?

TAKING TAX EQUALITY PEOPLE TO COURT

ALAWSUIT charging the National Tax Equality Association with violating the antitrust laws has been joined by the Credit Union National Association, following a unanimous vote by the executive committee at its quarterly meeting August 9.

This suit was first instituted by the National Milk Producers Federation and two associated dairy groups. Other mutual, non-profit and cooperative organizations are now considering joining in, including savings and loan associations, mutual insurance companies and farm marketing co-operatives. Those that have already joined as plaintiffs, besides CUNA, are the Missouri Farmers Association, Midland Cooperative Wholesale, Mutual Service Insurance Company and National Rural Electric Cooperative Association.

The complaint charges that the National Tax Equality Association constitutes a conspiracy to eliminate mutual and cooperative organizations from competing in certain industries. A similar suit was brought and won against a railroad association recently by a group of truckers; it ended in an injunction and an award of \$825,000 in damages and costs to the truckers.

The complaint was filed last December, and came to the attention of the CUNA executive committee in February. It has been under study since then. Briefly, here is what the executive committee has found:

- In the truckers' case, it was shown that the railroads had staged a publicity campaign to spread the idea that truckers are responsible for destruction of highway surfaces and high highway accident rates. An attempt was made to create the impression that truckers do not pay their fair share of taxes. Much of this went on in camouflaged form: articles and films were released to the public with no indication of the true source.

- Similar activities have been carried on by the National Tax Equality Association. The name of the organization is in itself a kind of camouflage suggesting a broad interest in tax reform. Actually, the association has

limited itself to attacks on mutuals and cooperatives. It has not limited its attacks to tax questions. In the case of credit unions, it has urged employers to cut off so-called "subsidies," and it has created resistance to the organization of new credit unions in some management circles. Despite its name, the NTEA is an organization set up to destroy the reputation and business of mutual and cooperative types of business.

- The Sherman Act says that all conspiracies in restraint of trade are illegal, and authorizes injured parties to sue for triple damages. The conspiratorial character of the NTEA is suggested by its use of misleading names, its associated group of front organizations, its use of opprobrious language like "tax dodgers", and by the fact that whenever its activities or contributors have been publicized, its members have withdrawn in large numbers. Usually a conspiracy in restraint of trade takes the form of secret rebates or other unfair price concessions; the truckers' case was a pioneering case, being the first to connect conspiracy with a propaganda program. Attorneys for the milk producers see their case as identical in most respects with the truckers' case.

- The suit against the NTEA could go either way, of course. The CUNA legal and legislative committee considered several alternatives, before making its recommendation to the executive committee. If the milk producers were left to carry the case alone, then any relief granted by the court would have benefited only the milk producers. To get an injunction protecting credit unions against "tax equality" propaganda, the credit union movement would either have to participate or file a separate suit now or later. Considering the large sums of money CUNA and the leagues have spent in public relations defenses against NTEA attacks, the executive committee decided that participation with the milk producers would bring the quickest and most economical results.



Always in pairs and always armed, messengers from armored car companies are strictly business.

MAYBE YOU NEED

PROTECTION

There comes a time for many credit unions when the amount of cash handled involves too much risk and armored car service should be used.

TWO men carrying loaded Smith and Wesson revolvers walked into the credit union office. "We're here for the pickup."

Taking sacks full of money from the teller, they signed a receipt, walked back to their car where the motor was running and the armed driver was sitting, and roared off toward the bank.

They were messengers for an armored car company. Along with grocery stores, industrial plants, Federal Reserve banks and restaurants, they were including a credit union in their daily round of cash transport.

Any credit union which has large sums of cash or checks on hand, either regularly or occasionally, may consider armored car service. Rates are quoted according to local conditions, including amounts of money carried and round-trip distances between the credit union and the bank. Contracts are normally drawn for one year, with standard monthly rates agreed to and special rates charged for extra calls.

Million-Dollar Load

That's the run-of-the-mill picture. For special occasions, like the credit union which passes the million-dollar mark and wants to flex every single one of its one million dollar-bill muscles, armored car service is available. They'll go along with special stunts like dumping 1,000,000 silver dollars on a convention floor, delivering jewels to an exhibition, maybe even a gag like guarding a million in Confederate money. Almost anything that doesn't reflect discredit on the service.

The price for regular credit union service—for example, a weekly delivery of \$2000 cash and pickup of cashed checks—can be about \$25 a month. Some credit unions which have used armored cars for years pay more than \$100 a month and speak highly of the value they receive for their money.

Rates will be higher in the east and midwest than they are in the south and west because of wage scales and traffic conditions.

Service is available from local, home-owned companies or from branch offices of national companies. Largest of the nationals is Brink's, Incorporated of Chicago, which works out of 107 branches in the U.S. and Canada. Don Hoagland, Brink's

The Credit Union Bridge

assistant vice president, boasts that he can put an armored car in front of any door in any major city in either country within an hour after receiving the call.

Brink's service, in addition to the familiar pickup and delivery of cash, includes safe service and check-cashing. In a credit union which cashes members' pay checks, Brink's will set up any number of teller's windows and will work on two bases, either deducting a charge from each check or billing the credit union direct for the total. A typical charge is 15 cents for the first \$50 on the check and 5 cents for each additional \$50. Thus a \$100 check would cost 20 cents to cash. Brink's says it's cheaper for the credit union to bear the cost because they can cash a \$100 check and return \$100 in cash quicker than they can cash a \$100 check and return \$99.80 in change. When Brink's cashes checks, the money never comes into credit union possession and any loss, by theft or otherwise, is not borne by the credit union.

It's not unusual in industrial credit unions, Brink's has found, for the credit union and the parent organization to share costs of armored car delivery and pickup. Hoagland says, "We will bill the credit union or the company separately. The credit unions seem to prefer an individual contract because the credit union wants somebody directly responsible to it for its money."

Credit unions with payroll deduction seem to make little use of armored car service because they seldom have large amounts of cash on hand. When they do take in cash, they usually make their own deposits. In most cities they can call for police protection when transporting any sizeable sum.

On certain maximum security Federal installations, carrying firearms by non-government personnel is prohibited. Since Brink's will not permit their men to go unarmed, a credit union operating in such a location would find it necessary to meet the Brink's men at a guard post for the pickup or delivery of funds.

Checks are Dangerous

It may be as dangerous to have checks on hand as it is to have cash, Hoagland believes. A former armed guard himself, he recalls how one personal friend at Brink's was killed

in Detroit during a holdup. All the bandits got were checks. "They can't tell by looking at that bag whether it's got cash or checks," he says.

The biggest hazard in armored car business is the teen-ager. Hoagland says, "These kids—and occasionally an adult—think it's funny to holler 'it's a stick-up' and maybe pull a toy pistol on one of our men. It's a credit to the calmness of our guards that no joker has yet paid with his life."

Perfect Freak

The biggest story that Brink's ever fell into was the \$2 million robbery of the Brink's office in Boston in 1950. "That was a real freak in crime," Hoagland says. "If they had pulled that job five minutes earlier or waited five minutes later, they could never have done it. They just picked the right minute of the right day of the right year." It took the FBI and state officials six years to clear up the crime, but all of the loss, including \$1,219,000 in cash, was covered by insurance.

Every Brink's armored car is insured up to \$10,000,000 and every office for a minimum of \$15,000,000. "We believe in plenty of insurance and in maximum security," says Hoagland. "The number of men on each truck varies according to the value of the load. And the truck crew is backstopped by security guards inside the office. That's why a special call, say at night or on Sundays or holidays, may be costly."

Armored car service fits right into the credit union bonding program handled by CUNA's Insurance Services Department. In the bond, an armored car is defined as a messenger while transporting credit union money. However, the credit union bond against loss by theft or accidental loss will cover only that loss above the bonded limit set by the credit union's contract with the armored car company.

Most credit unions, entering a contract for armored car service, set a limit well above the amount of money which they normally expect to send or receive through the armored car. Then, if there is special demand for more money, there is room for additional money transport without additional premium.

Brink's estimates that about 65 per cent of all money handled by them is under FBI supervision because it is

either going into or out of a Federal Reserve Bank or member of the Federal Reserve system. Thus any loss of this money would be investigated by the FBI.

Armored car services have found that they work a two-way street with law officers in the matter of protecting money. Company guards and messengers have broken up several robberies, sometimes by shooting the bandits, and police have assisted the messengers in money protection when needed. Brink's has a standing offer to its men of \$2000 for killing a bandit and \$1000 for wounding a bandit.

Brink's men keep their shooting eyes sharp by practicing regularly at their own firing ranges, or at police or National Guard ranges. Arms on a truck include revolvers, rifles and sometimes machine guns. Crews are instructed and trained to use weapons with extreme care in congested areas. A machine gun, for example, would almost never be used in Chicago's loop district.

Gets in Your Blood

Armored car service is a business which encourages long-term employment. Practically every officer of Brink's has been with the company at least 25 years, some as long as 40. And hundreds of armored car crew members wear 25-year company service pins.

Brink's has twelve men working full time on security. They rotate among the 107 branches, running practice alerts and checking procedure. Also they size up special assignments, even if it is a request for delivery and protection of a load of wooden nickels. Every Brink's employee is under orders from the security department, which answers only to President Murphy and Brink's board of directors.

Part of the security program are driver's examinations, eye tests and lie detector tests every six months. The lie tests are given to certain groups at regular intervals whether any money is missing or not.

No money has ever been reported missing by the credit unions which The Bridge interviewed about armored car service. In fact, it is Brink's proudest boast that they move a billion dollars a day, yet no customer has ever lost a penny. Generally the credit unions reported prompt,

courteous service and liberal arrangements for service beyond the contract terms.

One Iowa credit union pays \$38.63 for eight trips a month by an armored car, including deliveries of from \$30,000 to \$50,000 on Thursdays and pickups on Monday mornings. Its carrier, Lewis System, charges \$5 for extra trips.

In Colorado, one credit union has contracted for cash pickups every morning, usually around \$10,000. Its monthly charge is \$25.

For \$97.85 a month, one Chicago credit union, using Brink's, gets a pickup four times a week with a bonded limit of \$25,000 and receives a money delivery twice a week with a bonded limit of \$5000. In addition to the pickup and delivery, included in the monthly fee is the use of an insured Brink's double-key safe, with the credit union keeping one key and Brink's the other. There is an extra charge for pickups or deliveries over the bonded limits.

One Texas credit union, using a local armored car service, pays by the round trip, getting two or three deliveries a month at \$9.80 per round trip. It is about thirty miles from the bank but can get delivery on 24-hour notice. The credit union gets between \$15,000 and \$20,000 each delivery and has a \$40,000 liability limit.

U.S. Trucking Company charges one New York credit union \$110 a month for a cash pickup every eve-

ning, plus \$16 a trip for twice-monthly cash delivery.

Payroll deduction may not necessarily relieve a credit union of need for armored car service. One Chicago credit union pays \$41.20 a month to receive \$7000 cash each Monday morning and to send \$2000 to \$3000 deposit on Wednesday afternoons and a similar amount plus the \$7000 operating cash on Friday afternoons. Also twice a month the credit union includes a \$35,000 payroll check from its parent company.

One midwestern co-op credit union puts \$4000 to \$5000 cash daily into a Brink's double-key safe which is contracted for by the parent cooperative. The credit union pays nothing for this.

The highest monthly armored car bill encountered by The Bridge was \$159 a month paid by a Chicago credit union. For this fee they receive a daily cash pickup, plus delivery when needed with no charge for extra calls. Bonded limit is \$350,000, with pickups ranging between \$150,000 and \$200,000.

For \$26.78 a month, another Chicago credit union gets twice-weekly pickups even though most of its deposit is in checks. Since the pickups vary from \$2000 to \$10,000, the credit union says "we figure it's cheap insurance to get these off our hands regularly, even if they're not cash."

Some credit unions believe the armored car service amounts to a red flag calling attention to the fact that they may have large sums of money. For this reason they prefer to handle their own cash pickups and deliveries.

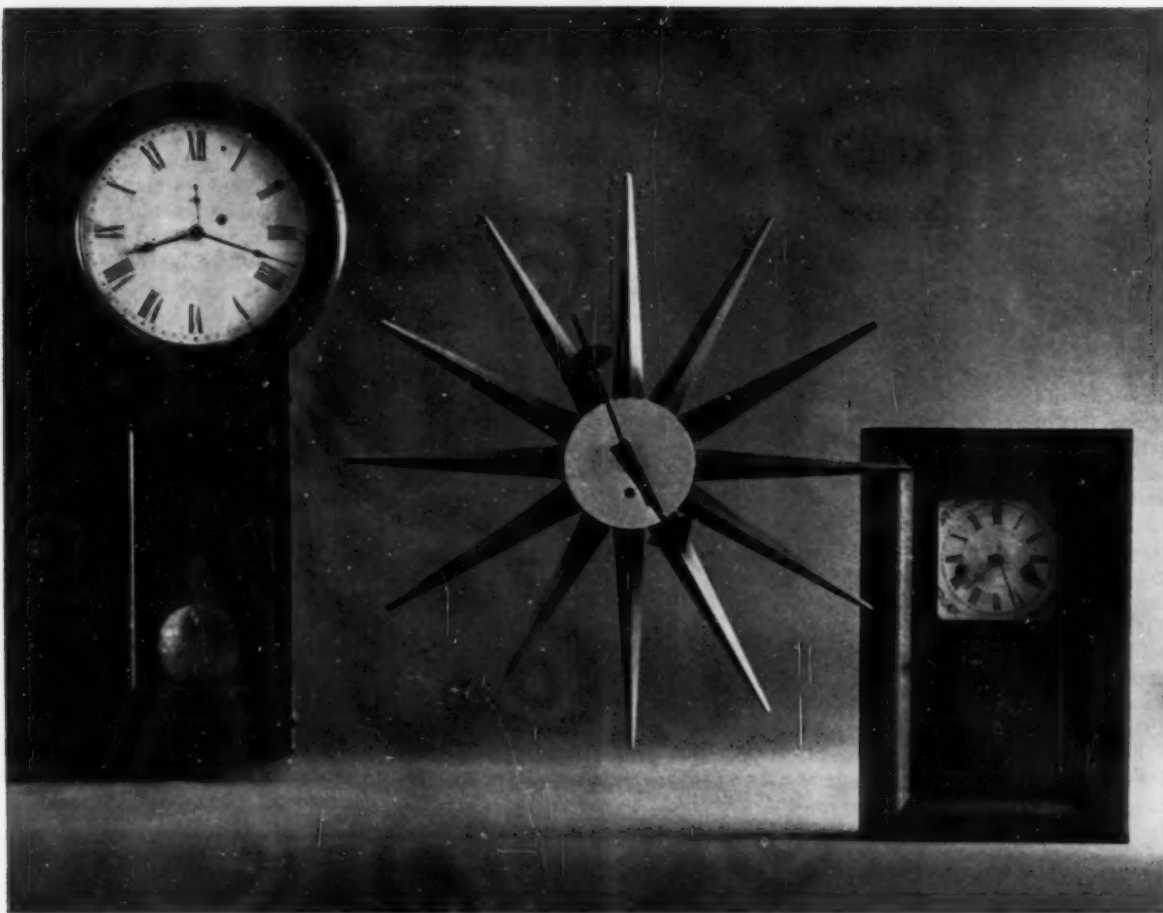
Usually these are credit unions near their banks. There is, according to CUNA's bonding department, one case on record of a credit union being robbed right after it received a delivery from an armored car.

One alternative which some credit unions may have available is free messenger service furnished by their bank. Oakland Bank of Commerce in California offers free pickup and delivery daily by armed, uniformed messengers. One credit union which has used this service for years can call the bank one evening and state the amount of cash, including specific denominations, and have it delivered the following morning. A former officer of this credit union told The Bridge, "There was never any discussion of the credit union maintaining a certain balance in the bank. In fact, we were overdrawn a few times. I don't know how many California banks offer this service, but I do know it is available in San Francisco and Los Angeles."

The main idea, as CUNA's loss prevention specialists will say, is to avoid having large sums of money on credit union premises longer than necessary. Also when a credit union transports its own money or checks, regardless of amount, there is a personal risk. If the risk is small—in other words, if the credit union is next door to a bank or close enough so that money transfer can be made without public exposure—armored car service may be a needless expense. If the risk is great, professional money carriers, completely insured and with definite contracts, may be a worthy expense.

Signed receipts cut chance for error while, outside, men in and out of the truck guard the money.





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B. C. PROGRAM

(Continued from page 10)

union group in neighboring towns, trying to line up several visits for one trip.

On quiet days, when routine office calls let up, the fieldman still "knock on doors" trying to organize industrial credit unions. Veteran fieldman Frank Humphrey says, "We usually have to convince management that we are distinct from the trade unions; then we have to dispel confusion about credit unions and credit bureaus." One of the most remote organization efforts by the League occurred outside the province, when the community of Whitehorse in Yukon Territory asked for help. Humphrey spent three months in correspondence before going there in June 1957 to complete the organization. Since there is no Yukon League, this credit union joined CUNA directly, but it also applied for membership in the B. C. Central and sent a delegate to the 1958 League convention.

Education also is now coming in for new emphasis in the B. C. League. In June 1957 the League hired its first full-time director of education,

after using volunteer help in education for years. The man selected was Jac. K. Schroeder, a young former school teacher, who had grown up in the agricultural section of southern Manitoba, then with five other men had opened and for five years operated a cooperative farm on British Columbia's north line.

Schroeder's first move in July 1957 was to visit individual credit unions with the fieldmen, introducing himself and probing for ideas and impressions. His program began to jell in Seattle last fall at a CUNA-sponsored education and public relations conference, where he seized on Operation Impact as a starting tool.

Adding charts of his own to Impact's flip charts, he started stumping the province, making twenty-eight presentations of Impact in all eleven chapter areas to a total audience of 1257. He carried with him Impact kits for every credit union. The League, realizing that education is the job of everybody who makes contact with credit unions, also bought Operation Impact flip charts for the two fieldmen.

Schroeder's goal this year in Impact presentations is to avoid mass

meetings and to concentrate on smaller groups, say officers and committeemen from three or four credit unions. Especially outside the Vancouver-Victoria area, he has to plan his sessions carefully; he can't ask people to travel too far. From these smaller groups, particularly along the north line, the League expects to organize several more chapters, which will probably have to remain small in order to avoid excessive travel.

Lots of Mail

Travel plays such a large role in determining the B. C. program that Schroeder and the fieldmen constantly look for ways to develop presentations which can be mailed complete with instructions and given without staff assistance. The fieldmen have perfected mail-order methods for pre-organizing new credit unions, and the League is developing something similar to supplement Operation Impact. Visual aids are the answer, and Schroeder has fallen back on his training as an industrial arts teacher to develop large colored posters, 35-millimeter slides and pamphlets. His big project now is a bundle of photographic slides which will show actual scenes such as credit committee meetings, annual meetings, loan interviews—all activities which are mentioned in Operation Impact and which can be dramatized, Schroeder feels, through pictures. He is also preparing a narrator's commentary, so that with the slides, charts and narration, any volunteer in the field can perform the whole show. He says 35-mm slides are best "because nearly every community in B. C. has a projector, either at school or in the community club, or they can be rented from the University of British Columbia."

Another adjunct which the League is developing to Operation Impact is a flip chart on "I Am a Credit Union Member" to be used by local credit union education committees.

Schroeder notices these effects from Operation Impact presentations so far:

1. More credit unions have organized education committees.
2. Subscriptions to The Credit Union Bridge have increased.
3. More credit unions have taken blanket subscriptions to the B. C. Credit Unionist, the league's monthly magazine.

The three big problems in credit

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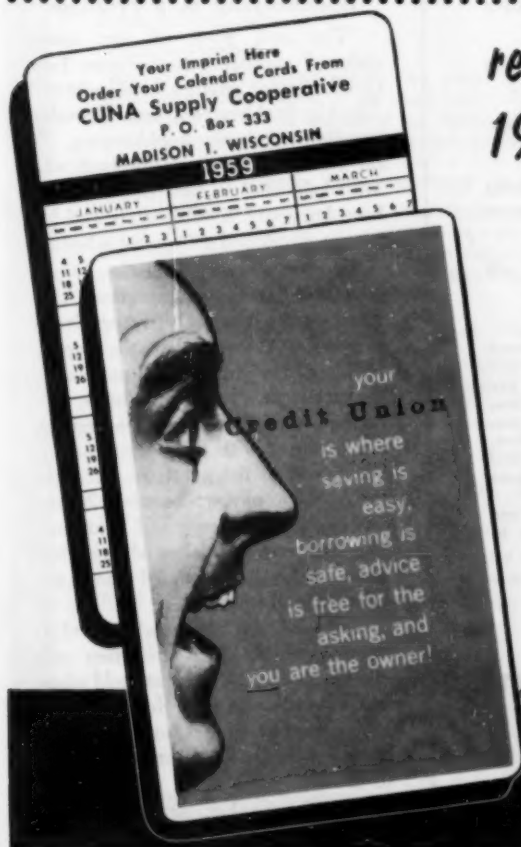


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union education, as Schroeder sees them, are:

1. Credit unions don't realize their own potentials.

2. Boards don't realize their responsibility for reaching the potential.

3. Boards don't look on education as a continuing program.

The League put education on a new basis last year by arranging a one-week seminar at the University of British Columbia. Fifty-three managers and officers enrolled to study such topics as business law, office management, human relations, letter

writing and credit granting.

Another cooperative education program was worked out between the League and all but one of the eleven chapters. This workshop series for officers and potential officers included study of Operation Impact, League services, CUNA Mutual Insurance Society, the Credit Unions Act, duties of officers, and filmstrips covering the board of directors and supervisory committee.

Schroeder added to his personal education this year by attending the second CUNA-sponsored educational

specialists' conference in August. In his jack-of-all-trades job, he also prepares public relations pamphlets for the League and annual meeting folders and magazine advertising copy for individual credit unions.

Under the leadership of the field staff, a series of once-a-month treasurers' workshops was held in Vancouver last year and drew an average of twenty-six per session, including some treasurers from the west coast of Vancouver Island about eighty miles away. At the start fieldman Alex Nicol was in charge of this series; his illness and death resulted in cancellation of one workshop. This year the League hopes that chapters will become more interested in holding their own treasurers' workshops with League assistance.

The most time-consuming field task is attendance at annual meetings. More than one hundred annual meetings were attended last year by Nicol, Humphrey, Schroeder and Monruffet. Where possible, these meetings were preceded or followed by a meeting between the League staff member and the board and committees of the credit union.

Bookkeeping Is a Problem

"The real need of our credit unions," according to fieldman John Quail, "is for simpler bookkeeping." The big problem is a lack of understanding of basic bookkeeping. So far Quail, a former accountant, who joined the staff in June this year, has been busy with trouble spots and has not yet developed a training schedule.

To get its work done, the League relies heavily on automobiles. After a survey by League director Farley Dickinson showed that the typical fieldman used his car 80 percent of the time on league business, the League worked out a joint ownership arrangement with the League paying 80 percent of the purchase price and the fieldman paying the other 20 percent, including license and insurance. The fieldman furnishes all maintenance, but he is reimbursed 5 cents per mile for staff travel.

Much of the fieldmen's travel is on dirt roads, which are often only one car wide. Tall tales are told about brakes failing while driving down long mountain grades, or sliding into snow banks. Driving hazards are part of the job.

Though the League has a good working agreement with the Inspector

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a memo from your
Loss Prevention Specialist



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- Schedule regular meetings, and keep adequate minutes. Prepare them promptly in permanent form.
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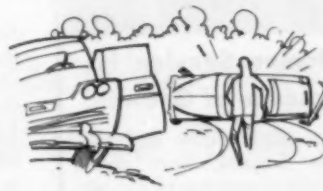
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of Credit Unions, now it is hoped to carry it farther by getting duplicate copies of inspection reports filed after examinations. Even now, the inspectors will give the fieldmen a chance to go in and work with credit unions in trouble before filing reports or taking remedial action.

The only help that the League can give a liquidating credit union, until the provincial reserve fund becomes effective, is assistance in closing the books. Fieldmen have assisted in about six mergers, however, conducting meetings in each credit union and bringing them along to the point of passing merger resolutions.

One unusual British Columbia activity which involves the fieldmen is the school savings program. Now eleven years old, it has enlisted more than 10,000 juvenile members and has built up share capital of \$239,083, all tied into community credit unions in thirty districts. Adult collectors visit the schools weekly, and students act as tellers in the classrooms. Limited lending is allowed, but the emphasis is on thrift in amounts as little as twenty cents a week. (The Credit Union Bridge, Nov. 1956)

In connection with the school savings club the League has developed several childrens' contests. One was a poster contest open to students in grades one through six who were either members of a credit union or members of a school savings club. Prize money totaling \$75 was available in the two divisions, one for the first three grades, the other for grades four, five and six.

Other contests for children included an "umbrella man" contest developed for the Alberni and District Credit Union on Vancouver Island, the purpose of which was to make as many three-letter words as possible ending in "t" from the letters in "umbrella man." The letter "t" was at the center of the umbrella design with the words "umbrella man" around the edge. The League has also developed puzzles for children to be run in the B. C. Credit Unionist.

B. C. credit unions have won their share of national contests. Their biggest thrill came last year, when A. L. Nicholas, first president of the League, was chosen CUNA's international Brother's Keeper and awarded a free trip to Europe. The League and the Vancouver chapter have won CUNA awards for publicity, and the

League has also won recognition for its organizing record.

The B. C. League's annual achievement award which measures the performance of credit unions is unique in the movement. Credit unions competing are compared as to growth, performance, officer responsibility, group consciousness and contributions to the movement. The intricate formulas used in making the comparisons have been developed over years. This trophy is the highest honor the League can confer on a member credit union.

Besides the two-man field staff and the director of education, the only other League function set up as a separate department is supply. Heading this is Art Copp, an earnest printing veteran who joined the league in 1943, when the only equipment was a desk and a small duplicating machine. Today the supply department grosses about \$80,000 a year and has a staff of the manager, two pressmen, one shipper, two order and invoice clerks, one part-time binder and three in the addressing section.

More than one-third of the league's member credit unions have their annual reports printed in the supply department, ranging in size from single sheets to twenty-four pages. Though annual reports make January-March the busy season, the department has enough orders to keep busy around the calendar. Deposit slips are the biggest single printing item, with annual press runs totaling about one-half million.

Outside the other departments but serving as a web binding together the entire League program is the monthly magazine, B. C. Credit Unionist. Despite its expanded circulation (about 45,000 monthly) and book-paper format, it still is under what managing director Monruffet terms "a period of intensive investigation." It excited considerable discussion at the 1958 league convention, because the League was asked to subsidize the magazine \$7200 or force a raise in subscription rate. The convention approved the subsidy but referred the matter to the League board for study and recommendation in 1959. This is a year of trial for the magazine.

Two persons—veteran volunteer worker Mrs. Jean Haynes and Mrs. Mary Maharg—receive \$25 a month each to provide the magazine's editorial content. Monruffet oversees the advertising, spending about one-sixth

of his time on the magazine. Photos are furnished by individual credit unions or by chapters or League staff.

In both circulation and advertising, the B. C. Credit Unionist has developed some interesting plans. For \$12 a month, any credit union may buy the back page of the magazine to advertise directly to its members in a split-run arrangement. It may furnish its own copy or the League will furnish copy. The only additional cost is one cent per copy for the credit union's share of the run. On copies where the back page is not reserved, an advertisement of the C. U. and C. Health Services Society is inserted.

The subscription price is low. Believing that the publication should be a family magazine and get into every credit union home, the League offers a special blanket subscription price of 50 cents per year to any credit union which will subscribe for every head of a household. For this same fifty cents, the league maintains a mailing list and makes corrections and additions.

Uses for Mail List

The mailing list thus created has other uses for the League. It makes it possible for the League to offer a mailing service for passbook verifications or annual meeting reports. It also can use the mailing list for its own special circulation and for individual credit union publications.

Before the advent of the blanket subscription plan last year, Credit Unionist circulation was under 4,000 at \$1 a year. Although the emphasis had always been on making it a membership magazine "preaching a sense of belonging," the magazine was constantly far below its potential of 161,000. The blanket plan and a revised format have kicked circulation up to 45,000, which Monruff estimates means that 100,000 people see it monthly, but Monruff for one will be dissatisfied if the paid circulation doesn't hit 100,000 in the near future.

For officer education, the league publishes a bi-monthly newsletter called League Hi-Lights. This free sheet goes to every officer in every credit union which furnishes a complete officer mailing list.

Other league programs which operate effectively but more quietly than the publication or the education schemes include:

Order Your Copies Now!



... the January "membership issue" of The Credit Union Bridge

**MAKE SURE THAT EVERY MEMBER RECEIVES
A COPY AT ANNUAL MEETING TIME**

The January issue provides your members with valuable information, advice, and inspiration. Here's what's planned for the 1959 issue:

- Does it pay to buy for cash?
- How one family uses the credit union
- How to shop for credit, compare rates
- Personal history of a loan shark
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YOUR NAME

CREDIT UNION

ADDRESS

ZONE

1. A bonding program, developed years ago with Canadian Indemnity Company, giving high protection against fidelity losses and graduated protection on burglary, theft and mysterious disappearance. Monrufet estimates that 90 percent of B. C. credit unions carry their bonding through the League, the other 10 percent through CUNA.

2. A collection service, for which the league pays \$100 a year to Canada Bonded Attorneys Ltd. The attorney firm furnishes the league with a series of collection letters and stickers, which the League then makes available to credit unions for \$1 per debtor's name. The credit union sends to the League the borrower's name, address and amount of loan outstanding. The League then begins the letter series, starting genially and increasing in intensity up to the third, which warns that the account is being turned over for legal action.

3. To equalize travel costs to conventions, the League has developed a travel pool. First step is to get round-trip travel costs from every credit union city to the convention site. Once delegates are registered, their total expenses are figured and an average expense-per-delegate is calculated. This has run between \$15 and \$20 for several years. Then every credit union is assessed this average amount per delegate regardless of whether its delegation traveled across the province or across town. With this pool money, delegates from distant credit unions are reimbursed all travel costs.

4. Blanket liability insurance and accident insurance for credit union officers are also available through the League. On officers' accident insurance, the League carries a master policy with Lloyds of London. A credit union must insure all officers and committeemen for principal sum of either \$5000 (premium 57½ cents per person per year) or \$10,000 (\$1.00 per year). On the liability insurance, maximum liability is \$100,000. The League pays one premium for itself, member credit unions and chapters.

Lots of Insurance

The League has made a near-perfect record in promoting CUNA Mutual insurance. Only three British Columbia credit unions—the two which do not belong to the league plus one member—do not carry this insur-

ance, and one of these credit unions has developed its own.

In British Columbia, the credit union movement has a close relationship with other cooperative organizations. Specifically, the League was responsible for organization of the B. C. Central Credit Union in 1945 and for organization of C. U. and C. (credit union and cooperative) Health Services Society in 1946. Cooperatives and credit unions collaborate in these two services.

All but eleven B. C. credit unions belong to the central, plus about fifty cooperatives. Central is open to any organization having similar aims and which operates on the principle of one vote per member.

In addition to depositing and borrowing money in central, a credit union may use central's checking service, paying five cents per check and receiving 2 percent dividend based on its minimum monthly balance in the checking account. Through this checking service and through its position as a clearing house, central will clear more than \$8 million in checks per month this year.

Dues for central's league membership are negotiated annually. For this year they are \$2,000. Central also is landlord and owner of the Credit Union Building in which the league, C. U. and C. and several credit unions are housed. When a new three-story addition is finished next year, the entire building will have 29,000 square feet. The League occupies 2300 square feet on the second floor and pays \$3,047 annual rent.

Coop Health Plan

C. U. and C. Health Services Society is the bustling kid brother of the League. Organized in 1946 by credit union leaders who wanted cooperative protection against health costs, it has paid \$5 million in claims and now has a membership of about 140,000, about 20,000 short of the League membership. Because it has expanded its office and field staff so rapidly, it has created growing pains inside the Credit Union Building. It now occupies the entire third floor and will expand when the new three-story addition to the Credit Union Building is completed this winter.

C. U. and C.'s original field of membership was existing credit union members. In its first year of existence,

Vancouver City Savings Credit Union was chartered, opening C. U. and C. membership to all Vancouver residents who joined the credit union. Then in 1954 C. U. and C. got an amendment opening membership to any British Columbia citizen. This has never been used in its broadest term, because C. U. and C. still insists that its members must belong to a cooperative or a credit union. Twenty credit unions now have their own group plan in C. U. and C.

The League also belongs to the B. C. Co-op Union, a provincial association of cooperatives, to which it pays \$1000 annual dues.

Started in 1940

Before the Credit Unions Act was passed and the League was organized there was only an association of credit unions in Vancouver. When the League was started on June 28, 1940, one of the first votes taken was to join CUNA. This came after considerable debate; at that time many held that Canadians should build their own national credit union movement. Two delegates who returned enthusiastic from an Oregon Credit Union League meeting exerted a strong influence; then Tom Doig came to British Columbia soon after at their request, and persuaded British Columbia to join CUNA.

A tough problem in B. C.'s early credit union days was bookkeeping. To solve this, League president A. L. Nicholas made a pact with CUNA Supply Cooperative to give the B. C. League \$300 in credit so the league could secure supplies and establish itself as an essential source. Then Nicholas got official government blessing for CUNA Supply forms, which gave the League's prestige a healthy boost.

Monrufet and Nicholas alike refer to the B. C. interest in close organization as a passion. They see in it a vision of the continual need for close association between credit unions and related organizations.

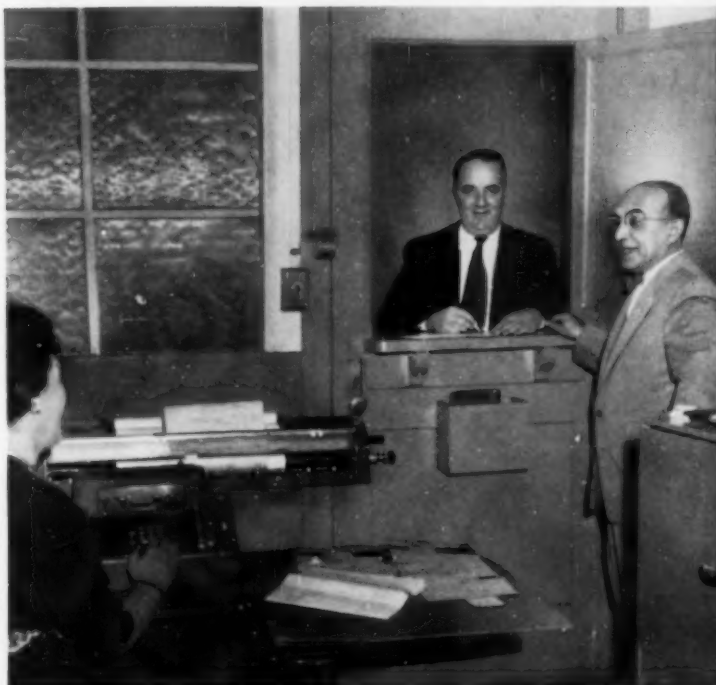
COMING EVENTS

October 10-11—Indiana Credit Union League annual meeting, French Lick Sheraton Hotel, French Lick.

November 10-15—CUNA and affiliates' quarterly meetings, Penn-Sheraton Hotel, Pittsburgh, Pa. November 13, 10 a.m., joint meeting. November 14, 9 a.m., CUNA Mutual Board; 2 p.m., CUNA Supply Board. November 15, 9 a.m., CUNA Executive Committee.

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A day set aside in memory of the birth and purpose of the Credit Union Movement.

A special day when all of us associated in the Credit Union Movement can be proud, because we have a hand in helping the many millions of people being served by this great movement.

A special day for us to enlighten our neighbors about credit union ideals and services.

Join us in celebrating October 16 — INTERNATIONAL CREDIT UNION DAY.

CUNA MUTUAL

Insurance Society

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HAMILTON, ONTARIO